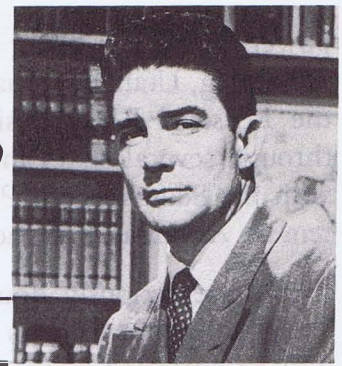


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DAN SMOOT

THE POWER GRID SCHEME

"We are here to learn as much as we can, and see as much as we can. We have so much to learn from your Soviet specialists in this field." — Remarks of Stewart L. Udall, Secretary of the Interior, upon arrival in Moscow for his 1962 tour of the Soviet Union to study communist electric power installations⁽¹⁾

The 1960 platform of the Democrat Party advocated the "development of efficient regional giant power systems from all sources, including water, tidal, and nuclear power, to supply low-cost electricity to all retail electric systems, public, private, and co-operative."⁽²⁾

To implement the promise of his party's platform, President Kennedy appointed Stewart L. Udall as Secretary of the Interior. Udall's plans to place the power industry under tight control, and eventual ownership, of the federal government, include expansion of TVA facilities, expansion of Rural Electrification Administration activities in financing co-operative power producing plants, the building of new multi-purpose dams in all parts of the nation, and a nationwide power grid, owned and controlled by the federal government.

The power grid, when completed, will involve long-distance, high-voltage transmission lines connecting all power-producing facilities in the continental United States, so that electric power, produced in any region, can be delivered to any other region, over facilities owned by the federal government. Privately owned, long-distance transmission lines will be forced out of business by federal monopoly, or harassed out of business by federal regulations and controls.

Presently known plans for the power grid do not include the whole nation. First, the Pacific Northwest will be linked with Southern California in a West Coast system. This system will then be tied in with the Parker-Davis-Hoover Dam system in southern Nevada; with the Rio Grande project in New Mexico; with the Upper Colorado River Storage Project complex of

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power dams now being constructed in Colorado, Wyoming, Utah, Arizona, and New Mexico; with the Missouri River Basin system which spreads through several states in the upper midwest; and with the Southwestern Power Administration system in Arkansas, Oklahoma, and Texas.⁽²⁾

No one seriously doubts that when the great western intertie systems are completed, the grid will be extended to the Tennessee Valley and to the Southeastern Power Administration facilities. The final stage will probably be transmission lines running up the East Coast from Florida to the northern tip of Maine where President Kennedy is presently asking for a 1-billion-dollar power project in Passamaquoddy Bay (a fantastic scheme to build 7 miles of ocean dams for developing electrical power from high tides — a scheme which Franklin D. Roosevelt wasted 7 million dollars on in 1935-36, before Congress refused to authorize more funds).⁽³⁾

Within three months after inauguration in 1961, President Kennedy appointed a five-man task force to study and report on the feasibility of installing 1000 miles of high-voltage lines to carry power from the Bonneville Dam in Oregon to Southern California. The task force reported on December 19, 1961, proposing three alternate plans for this West Coast system — which would range in estimated cost from 136 million to 342 million dollars.⁽⁴⁾

Selecting the West Coast system to be the first stage in the nation-wide power grid system was, among other things, an effort to hide the dismal failures of Bonneville Power Administration — the great socialized power project of the Pacific Northwest.⁽⁵⁾

Despite the fact that taxpayers in all parts of the nation have poured billions of dollars into the Bonneville scheme to subsidize electric power at below-cost for Bonneville customers, Bonneville could not adequately supply the region with power. Private enterprise (though taxed to help subsidize Bonneville) came in to supply the power deficiency. Now, Bonneville (during peaks of production) has a surplus of power that it

cannot sell, even at below-cost rates which were fixed during the depression years.

The 1000 miles of high-voltage lines for carrying Bonneville power to Southern California will not only be a first step toward the nation-wide power grid, but will also enable Bonneville to sell its surplus power in the big California market. Bonneville also wants transmission lines to invade the Idaho market.

The Kennedy task force which, on December 19, 1961, formally recommended the Bonneville-to-Los Angeles transmission lines, urged speed, but said the lines should not be built until Congress had first enacted legislation to guarantee each region priority to its own power.⁽⁴⁾

This is an interesting development in the drive to socialize the power industry in the United States. Early in the drive, the bureaucrats requested and Congress authorized (in the Flood Control Act of 1944) a policy of giving publicly-owned power facilities and non-profit, tax-favored, power organizations (REA financed co-operatives) preference as customers for below-cost federal power. If there was not enough power to go around, tax-paying consumers could go without or get their power somewhere else: the non-tax-paying co-operatives and municipally-owned facilities got first choice at buying the federal power.

Federal power bureaucrats have treated this preference policy like something sacred. Now, they find themselves trapped by it. If they build transmission lines from Bonneville to other regions, preference customers in those other regions (especially, big co-operatives and publicly-owned utilities in California) can take most of Bonneville's below-cost power. This will create a problem for politicians in the Pacific Northwest who have kept themselves in office by supporting tax-subsidized power for voters in that region.

So, the nation-wide power grid scheme is stalled until politicians of the Pacific Northwest are appeased by legislation to guarantee that all users in their region be treated as preference customers for the socialized power before any of it can be sold elsewhere. Such legislation was introduced

in Congress in 1962 and passed by the Senate, but died in the house.

On April 23, 1963, the Senate again passed such legislation (S 1007); but the House has not yet acted on the Bill. Until and unless the House acts favorably, the nation-wide power grid scheme appears to be stalemated.

Bureaucratic Rivalry

Rivalry between federal agencies (specifically, between the Federal Power Commission and the Department of the Interior) has also caused a stalemate in the power grid system.

In 1962, the Federal Power Commission approved the plans of several private power companies to construct a big inter-regional power transmission complex which would link the private power facilities of Idaho, Oregon, Washington, and California. The Department of the Interior, wanting to install its own power grid on the West Coast, blocked the FPC-approved private plan. On December 29, 1962, the Department of the Interior and the Department of Agriculture published, in the *Federal Register*, a new regulation prohibiting private power lines from crossing federal lands unless approved by the Secretary of the Interior.

Since federal agencies own about half of all land in the western states, this new regulation (which went into effect March 24, 1963) means that the Secretary of the Interior has assumed authority to prohibit expansion of private power facilities in the West, and, thus, to guarantee a socialistic monopoly by governmental agencies.⁽⁶⁾

Contemporary squabbles among bureaucrats reveal many things. They show how the public lands policies of the federal government are used to concentrate tyrannical control in the hands of Washington officialdom,⁽⁷⁾ and they reveal the cynical dishonesty of propaganda for socialized power in the United States.

A central theme of the propaganda is that the government must build big electricity plants for

the people, because private industry cannot or will not build them. The fact, now clearly revealed, is that private enterprise is willing and able to do an infinitely better job of electric power production and distribution than the federal government can do.

Note some comments of Senator Barry Goldwater, concerning the High Mountain Sheep Dam which the Department of the Interior wants to build on the Snake River in Idaho:

"A Federal Power Commission Examiner last October 8 [1962] recommended the granting of a license to an investor-owned utility, the Pacific Northwest Power Co., for construction of this project. The brief by the Department of Interior takes exception to this action by the Federal Power Commission Examiner, on the grounds that this project should be reserved for Federal construction

"Let me give you a few quotes from this brief . . . :

"In the past the Federal Columbia River power system has been the basic wholesaler of power in the region Now in the present case it is proposed that additional wholesalers be brought into the region These wholesalers propose to sell to customers presently buying Federal power. It is inconceivable that either one of the new wholesale power agencies could be licensed without further reducing the gross and net revenues of Bonneville Power Administration.

"If Bonneville Power Administration deficits continue, the Federal system will find it increasingly difficult to fulfill its distinctive role of providing an ample power supply at lowest cost and with widespread availability

"The cardinal principle which governs the operation of an electric power system is that all interconnected generating plants should be operated as if one utility owned the entire system If all the plants in the system belong to the United States, they can be operated to meet a common objective'

"I never thought that the Interior Department would be so bold as to openly state what many of us have known for a long time — that is, their objective is expansion of Federal power to the exclusion of investor-owned development. But

here the Interior Department has come out in the open by publicly stating what it has long intended, but publicly denied, and that is that the Government and only the Government should be permitted to expand power production in the Pacific Northwest

"The High Mountain Sheep development would cost hundreds of millions of dollars. It is a power project, pure and simple — a power project that investor-owned electric companies are ready to build at no cost to the Federal Government. Construction by the investor-owned companies would provide every advantage to the area that Government construction would provide."⁽⁵⁾

If built by private enterprise, the High Mountain Sheep development would pay taxes, thus helping other taxpayers carry the heavy load. If built by the government, the development will (like Bonneville and all other government power facilities) consume taxes, adding to the tax burden that is already crushing our economy.

Note Senator Strom Thurmond's comments on a proposed government power dam across the Savannah River at Trotters Shoals in Abbeville County, South Carolina:

"First, Duke Power Company [a private enterprise, investor-owned utility] has offered to build the world's largest steam generating plant in Anderson County near the Trotters Shoals site, but the company has indicated it would not do so if the Federal Government builds the Trotters Shoals hydro-electric power dam The government dam would cost \$78.7 million to construct, and it would be so high that it would flood 24,000 acres of land, including some of the best industrial sites in this country. The Duke plant would provide 25 times the electric power . . . and at a cheaper rate than could the government dam In addition to this, the Duke plant would pay \$7.4 million annually in taxes to the Federal Government and \$6 million annually in State and local taxes. The government dam, of course, would pay no taxes, only cost tax dollars.

"Second, the Mead Pulp and Paper Corporation has announced it plans to build a \$40-50 million plant on the Savannah River in Abbeville County. However, the company has stated that it could not erect this plant if the Trotters

Shoals government dam is approved, because the government dam would flood its site. The paper mill would provide employment for 675 persons with an average annual payroll of \$5 million An additional 650 persons would be given employment in the woods, and an annual pulpwood market of \$9½ million would be created The tax gains for all levels of government would be \$4 million annually. Over a 50-year period, taxes from Duke and Mead, not to mention other potential industries, would total about \$1 billion.

"Third, if the government dam is constructed, not only would the Duke and Mead sites be destroyed, but other sites for industries already making plans to build along the remaining 29 miles of free-flowing water on the Savannah River . . . would be destroyed. This would leave this area a virtual industrial desert

"Proponents of the government dam have not cited any major advantages to accrue to the area from construction of the dam (such as flood-control, increased navigation, etc.) except for recreation. Interior Secretary Stewart Udall has testified that the government dam could be used as a great recreation area for the teeming populations of the East

"We don't particularly need government-controlled recreation areas in South Carolina, as we have a plentiful supply of good local recreation areas now, but we do need more jobs for our people, increased payrolls, more tax receipts, better prices for our pulpwood, and cheaper electric power for our people."⁽⁶⁾

A Fallacy

One tragic fallacy of the bureaucratic craze for spectacular high-level hydro-electric dams is pointed up in Senator Thurmond's remarks: the fallacy that damming up rivers is the best way to produce electric power. In many cases, this is the most expensive way to produce electric power; and in all cases, the big high-level dams destroy fine, irreplaceable timber or agricultural lands. They upset natural water tables, and often eliminate vast panoramas of natural beauty.

Consider what the Tennessee Valley Authority has done.

Before TVA was started, army engineers had estimated a probable annual flood damage in the

Tennessee Valley of approximately a million and a half dollars. TVA claims to have spent some \$200,000,000 on flood control. The annual interest on that much money, even at low government rates, costs taxpayers approximately \$7,000,000. In other words, we are paying out each year, in interest alone, about seven million dollars to prevent a million and a half dollars' worth of flood damage in the Tennessee River Valley.

Before TVA, the army engineers had estimated that a flood which would cover 666,000 acres of land in the Tennessee Valley would occur only once in 500 years. That, in fact, was considered the maximum flood that could occur in the Tennessee Valley. In order to protect 666,000 acres from being flooded once every 500 years, the Tennessee Valley Authority has permanently submerged almost a million acres under TVA man-made lakes or emergency reservoirs. In other words, every 500 years the Tennessee River might have flooded two-thirds as much land in the Tennessee Valley as the TVA has permanently flooded or set aside in its flood control program.

And the land which TVA has thus destroyed was among the most fertile in the world. Before TVA, floods in the Tennessee Valley did a million and a half dollars damage annually. Today, crop loss alone, due to TVA flooding of rich bottom lands, is well over \$27,000,000 a year.

The Beginning

Discussing the origin and purpose of TVA, United States Representative Ben F. Jensen (Republican, Iowa) on May 4, 1959, explained that socialization of power was the first step toward the goal of eliminating the profit-motivated free enterprise system of private capitalism in the United States.⁽¹⁰⁾ Socialists ran their own candidate for President in the political campaign of 1928, openly advocating socialized power, because they knew that control of electric power means ultimate control of all industry. But the people of the United States would not vote for socialism when it was honestly called by its right name. The socialists quickly learned that they must lie to the people — that they must advocate

socialism under other labels. This they did. In droves, they infiltrated the administration of Franklin D. Roosevelt and drenched the nation with socialist propaganda which never mentioned socialism, but which promised A New Era For The Common Man, A Government With A Heart, A New Deal To Promote The General Welfare Of The People.

The first major legislative victory for socialists and communists was the Tennessee Valley Authority Act of 1933. TVA was not sold to the people as a means of producing electricity. It was sold as a flood-control and river-navigation project. The idea was to build one dam at Muscle Shoals, Alabama, to help control floods in the Tennessee River Valley and to improve water navigation on the river. All of this was to cost about \$150,000,000. As soon as the Authority was formed, however, developing electric power became the major objective. The "\$150,000,000 project" has grown into a two billion dollars plus colossus.

Today, TVA has not one but thirty major dams — plus more than a dozen *steam-operated* generating-plants and 9,000 miles of transmission lines, distributing electricity through a marketing area of 80,000 square miles.

When the first TVA dam was built at Muscle Shoals, the public (and most congressmen) assumed that electricity developed there, as a by-product, would be sold to private industry for distribution. But TVA planners intended TVA to become government business. They used the "yardstick" argument, saying that private power companies were greedy monopolies, grinding the faces of the poor and overcharging on electric rates; government ought to set up one power business of its own, to have some means of measuring the true cost of producing electricity.

The government yardstick became a club. Ever since the first hydro-electric dam was built in the Tennessee Valley, the government has been selling electric power in that region at rates lower than the average of private power rates anywhere in the nation. The socialist planners have used

this fact to prove that only the government can provide cheap, abundant electricity for the people.

But TVA accomplishments are a bookkeeping, rather than a production, miracle. A privately-owned power company has to charge enough for its power to pay all costs of operation, plus local, state, and federal taxes, plus interest on its capital investment, plus whatever is re-invested for expansion and improvement. TVA does not have to bear these burdens. TVA gets what it needs from taxpayers — some of whom are private power companies that TVA is underselling.

TVA has created a 650-mile-long “free” waterway in the Tennessee Valley. It is free to shippers who use it; but it costs taxpayers over \$8,000,000 a year in maintenance. If people who ship freight on the government’s “free” waterway in the Tennessee Valley were charged freight rates just high enough to pay for the cost of operating that waterway, the rates would be considerably higher than those which private railroads charge in the same neighborhood.

As Congressman James B. Utt has pointed out, if all freight carried on the Tennessee River since the beginning of TVA had been shipped by rail, and paid for at prevailing railroad rates, it would have cost less than 30% of what taxpayers have paid for navigation on the government’s “free” waterway.⁽⁹⁾

The same, of course, can be said for electricity produced in the Tennessee Valley. If users of that power had to pay rates high enough to meet the cost of production and distribution, power rates in the Tennessee Valley would be the highest in the nation, for the simple reason that government, not being controlled by the stern law of profit and loss, cannot operate a business as efficiently as private individuals can. The necessity of paying bills and showing a profit tends to correct errors which private businesses make. When a government agency makes mistakes, it gets more money from the treasury; and for political reasons, it must continue to make the same mistakes in order to justify past errors.

The Government Showcase

Considering what TVA has destroyed, and what private effort might have built, it seems obvious that TVA has not helped the Tennessee Valley, but has done great harm.

One of the shallowest arguments of governmental planners today is that government should be given credit for all technological, scientific, and economic improvements in this country since 1933. The fact is that advances have occurred in spite of government. No one knows how much material progress the American people would have made in the past 30 years if government had not embroiled them in wars, shackled them with regulations, and strangled them with taxes.

If government ownership and control and spending could produce real prosperity, the Tennessee Valley would be a paradise, because here the tax billions that have been spent were not even raised in the region that “benefitted.” Government can give the people nothing that it has not first taken away from them — and the amount which government gives back is always much less than what it takes. In the Tennessee Valley, the government has spent billions that it took away from taxpayers in other regions. Yet, the TVA area has not kept up with the economic progress of the rest of the nation. Despite the “free” waterway transportation and the “low-cost” electric power and the millions of tax dollars spent on advertising and the building of governmental industrial plants to use TVA power — the area has had a slower industrial growth than neighboring regions.⁽¹⁰⁾

The great power plants, the mammoth dams and the man-made lakes in the Tennessee Valley, have become a government showcase, a favorite place of pilgrimage for school teachers, economists, and visiting dignitaries from abroad. It all makes a magnificent spectacle. You can ride around the Tennessee Valley and see what two billion dollars built. You *cannot* see the fertile lands and great forests that TVA destroyed. You *cannot* see what two billion dollars would have

built elsewhere in all parts of the nation if it had been left in the hands of people who earned it and had not been seized in taxes to be spent on government's grandiose projects in this one valley.

Purpose

And the tourists seldom discern the sinister purpose beneath it all.

Congressman Ben Jensen relates a personal experience of a man who is now a United States Senator. In the 1930's, the man attended a communist cell meeting in a large city. A communist speaker hung on the wall a map of the United States. The map was divided into nine sections — each section centering around a major river valley. The communist said:

"Since river valleys are no respecters of state lines, and since America can never be communized so long as there are 48 sovereign states, we must create 9 river valley authorities, like the Tennessee Valley Authority, where 3 men who are not elected by the people, but who are simply appointed by the president, are in full control.

"When this is accomplished, then 27 all-powerful men will be in complete control of the United States — then all city, county, and state governments will be forced to surrender their sovereign powers; and we will be in complete control, because we communists will see to it that the right 27 men are appointed."⁽¹⁰⁾

WHO IS DAN SMOOT?

Born in Missouri, reared in Texas, Dan Smoot went to SMU in Dallas, getting BA and MA degrees in 1938 and 1940. In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for a doctorate in American Civilization.

In 1942, he left Harvard and joined the FBI. As an FBI Agent, he worked for three and a half years on communist investigations in the industrial Midwest; two years as an administrative assistant to J. Edgar Hoover on FBI headquarters staff in Washington; and almost four years on general FBI cases in various parts of the nation.

In 1951, Smoot resigned from the FBI and helped start Facts Forum. On Facts Forum radio and television programs, Smoot spoke to a national audience, giving *both* sides of controversial issues.

In July, 1955, he resigned and started his present independent publishing and broadcasting business — a free-enterprise operation financed entirely by profits from sales: sales of *The Dan Smoot Report*, a weekly magazine; and sales of a weekly news-analysis broadcast, to business firms, for use on radio and television as an advertising vehicle. The *Report* and the broadcast give only *one* side in presenting documented truth about important issues — the side that uses the American Constitution as a yardstick. The *Report* is available by subscription; and the broadcasts are available for commercial sponsorship, anywhere in the United States.

If you think Dan Smoot is providing effective tools for Americans fighting socialism and communism, you can help immensely — by helping him get more customers for his *Report* and broadcasts.

Interesting evidence that Roosevelt knew the real purpose of TVA can be found in the Yalta papers, published by the State Department. During a conversation with Joseph Stalin at Yalta on February 7, 1945, President Roosevelt — according to official notes made by Charles Bohlen —

"mentioned that in the Soviet Union and its various republics, consideration had been given to the problem of a country as a whole, and in the United States the TVA had the same idea. He mentioned that in the region of the TVA, electric current was sold at the same price throughout the area."

TVA was just a beginning.

The Rural Electrification Administration followed next. Created in 1935 to stimulate activity which would relieve unemployment and bring electricity to farms, REA today is building its own electric generating plants where private power is already available. It is financing tax-favored co-operatives in the production and distribution of electric power, and in providing telephone service, in direct competition with taxpaying enterprises — not just in rural, but in *urban* areas, where REA was never supposed to intrude. Today, more than half of all REA electricity is sold to city users, and four-fifths of its new customers are in non-farm areas.

The empire of socialized power has now spread until the bureaucrats, fighting among themselves for control, are candidly revealing their real purpose of eliminating American private enterprise. In addition to the nation-wide power grid scheme; in addition to Kennedy's multi-billion dollar Passamaquoddy proposal on the border of Maine and Canada; and in addition to the Trotters Shoals project in South Carolina, the Kennedy administration is presently urging federal expenditures of more than 1 billion dollars for construction of seven huge power facilities (in Arizona, Georgia, Idaho, Montana, Oregon, Virginia) which private companies want to build.

The Way Out

Congress should reject all pending legislation and proposals for expanding the electric power empire of the federal bureaucracy. It should refuse to make further appropriations for existing government facilities, and should compel the federal government to sell *all* of the facilities (TVA, Bonneville, Hoover, Upper Colorado — *all* of them) to the people, to be run as private enter-

prises which would *pay*, rather than *waste*, taxes.

This would stop the socialization of a key American industry. It would save taxpayers billions of dollars which the operating losses of federal power plants now cost; and proceeds from sale of the big government installations could be used to make a substantial reduction in the national debt.

FOOTNOTES

- (1) "Public Power Lobby Gets Tips from Moscow," *Human Events*, November 3, 1962, pp. 839-40
- (2) "US Moves to Federalize Power," article, *Nation's Business*, September, 1961, reprinted in *Human Events* September 29, 1961, p. 642
- (3) *U. S. News & World Report*, July 29, 1963, p. 10
- (4) *The Los Angeles Examiner*, December 20, 1961
- (5) *Congressional Record*, April 1, 1963, pp. 4963-4
- (6) "Interior, FPC Struggle Over Transmission Line Control," article, *Congressional Quarterly Weekly Report*, May 17, 1963, pp. 769-72
- (7) For a detailed account of federal land grab policies see this Report, "Confiscating The Land," July 29, 1963.
- (8) "Big Dam Foolishness," *Sirom Thurmond Reports To The People*, May 13, 1963
- (9) *Washington Report*, by U. S. Congressman James B. Utt, (Republican, California), May 21, 1959
- (10) "Socialism Or Freedom For America—I Took The Oath," speech by U. S. Representative Ben F. Jensen, daily *Congressional Record*, May 4, 1959, pp. 6625-32

WHAT YOU CAN DO

Washington officialdom uses your taxes for programs that are creating vast cesspools of waste and corruption — and dragging our Republic into the quicksands of socialism. What can you do about it?

You can help educate and arouse the people who elect men responsible for harmful programs of government. When enough other Americans know and care as you do, political action to restore our Republic will come.

If *The Dan Smoot Report* was instrumental in bringing you to the point of asking what *you* can do about saving the country from mushrooming big government, here is a checklist for you: Have you urged others to subscribe to the *Report*? Have you sent them reprints of a particular issue of the *Report*? Have you shown them a Dan Smoot film? Have you ever suggested a Bound Volume of *The Dan Smoot Report* for use by speakers, debaters, students, writers? Have you read and passed on to others any of the Dan Smoot books — *The Invisible Government*, *The Hope Of The World*, *America's Promise*?

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